

Report to: Leader and Lead Cabinet Member for Strategic Management and Economic Development

Date of meeting: 16 April 2018

By: Director of Adult Social Care and Health

Title: East Sussex Better Together – Financial Framework Agreement for the proposed Integrated Commissioning Fund

Purpose: To agree the draft Financial Framework Agreement and delegate authority to the Chief Executive and Chief Finance Officer to finalise the details of the Financial Framework Agreement alongside the Integrated Commissioning Fund for 2018/19

RECOMMENDATIONS

The Leader and Lead Cabinet Member for Strategic Management and Economic Development is recommended to:

- (1) Agree in principle the Financial Framework Agreement, proposed scope and content of the ESBT Integrated Commissioning Fund (ICF) for 2018/19, and the integrated financial planning arrangements as set out in Appendix 1**
 - (2) Agree that authority is delegated to the Chief Executive and the Chief Finance Officer to agree the terms of and enter into the Financial Framework Agreement alongside the ICF for 2018/19**
 - (3) Note the proposed next steps to further strengthen leadership and governance to support integrated health and social care system commissioning in the ESBT footprint in 2018/19, with Eastbourne Hailsham and Seaford Clinical Commissioning Group (EHS CCG) and Hastings and Rother Clinical Commissioning Group (HR CCG)**
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1. Background

1.1 East Sussex Better Together (ESBT) is our whole system health and care transformation programme. Our shared vision is that by 2020/21, there will be an integrated, sustainable health and care economy in East Sussex that ensures people receive proactive, joined up care, supporting them to live as well and as independently as possible. Since we started in August 2014, our ESBT partnership has taken away some of the barriers to our staff working well together. This has enabled us to deliver significant improvements in the accessibility, quality and safety of our services, as well as helping more people to live well in their home setting.

1.2 This alone, however, will not be enough to make sure our services are affordable for years to come, given increasing demand and reducing resources, and we need to do more to make sure we can meet our population health and care needs within our means. We know we can be most effective if we manage as a system to drive innovation and continual improvement, and to collectively address the financial and activity challenges we face, within in our place-based resource envelope.

1.3 2017/18 has been our transitional ‘test-bed’ year of collectively managing and operating an integrated (accountable) care system with our ESBT Alliance partners; Eastbourne Hailsham and Seaford Clinical Commissioning Group (EHS CCG) and Hastings and Rother Clinical Commissioning Group (HR CCG); East Sussex Healthcare Trust (ESHT); and Sussex Partnership NHS Foundation Trust (SPFT). In order to make sure our services are affordable for years to come and deliver our vision of an integrated, sustainable health and care economy in East Sussex,

we also agreed in July 2017 that we want to strengthen the ESBT Alliance in 2018/19, as a necessary step on our journey to a fully integrated and sustainable health and social care system by 2020/21.

1.4 The purpose of strengthening the ESBT Alliance in 2018/19 is:

- further enabling in-year improvements to the daily performance of quality and finances across our system; and
- securing the transformation required to put the system on a sustainable footing in the long-term (including developing the business case for future ESBT integrated care provision).

1.5 In line with this in July 2017 we agreed that we will commission health and social care in the ESBT footprint together with EHS CCG and HR CCG in 2018/19. Commissioning health and care in a unified way will best ensure clinically led and locally accountable improvements to the health and wellbeing of our population, and a reduction in health inequalities. By commissioning health and care services through a single process to make best use of our collective resources we expect to see the following benefits:

- services that are commissioned around individuals' needs and across the whole care pathway, and truly shift the care model away from reactive acute care to preventive, proactive care in the community;
- more integrated delivery arrangements between providers of health and care;
- providers that are enabled to take collective responsibility for improving outcomes; and
- coherent management of a formalised integrated health and care commissioning fund to help address a very challenging system financial context and make best use of our collective resources.

1.6 This will be supported by stronger system governance and leadership, underpinned by an integrated financial planning framework of pooled and aligned funding, to reinforce our ESBT focus on population health, reducing health inequalities and outcomes to drive improvements.

1.7 In keeping with this, our next steps for April 2018 initially focus on establishing an Integrated Commissioning Fund (ICF) of pooled and aligned budgets for 2018/19; a Financial Framework Agreement setting out the operating arrangements; and strengthening integrated governance and leadership of ESBT commissioning and transformation with EHS and HR CCGs. Strengthening system leadership of commissioning and transformation will also put us in a strong position to progress further our new model of integrated (accountable) care, through the development of the business case for our future ESBT integrated provider model.

2 Supporting Information

Financial Framework for the Integrated Commissioning Fund

2.1 As part of our agreement in July 2017 to implement integrated leadership for ESBT commissioning, it was agreed to explore a 'whole population budget' arrangement for our whole ESBT health and social care economy to underpin integrated commissioning. It was envisaged that this would be achieved through the Council and EHS and HR CCGs bringing together commissioning budgets so that the partners can work within one ESBT financial planning envelope for the potential c£760million¹ resource.

2.2 A Financial Framework Agreement has now been prepared to describe how EHS and HR CCGs and ESCC manage their finances in order to get the most value out of our collective available resource, realising the benefits for the local population of an integrated health and care system. Together, the collective budgets will be known as the ICF, and the Financial Framework Agreement sets out the mechanisms for integrated financial planning and management.

¹ Illustrative based on 2017/18 budgets; budgets for 2018/19 and therefore the ICF are still to be finalised. Figures exclude budgets for specialised services commissioned by NHS England.

Integrated commissioning Fund (ICF)

2.3 It is envisaged that the Council will establish an ICF with EHS and HR CCGs, in order to plan and manage the total available ESBT pooled and aligned funds on a system-wide basis. This approach is based on exploration of the best way to deliver a whole population budget through learning from the emerging guidance and other areas where this is most advanced (notably City of London and Hackney, and Tameside and Glossop).

2.4 In line with this and our original ESBT objectives our assumption would be that all commissioning budgets – public health and prevention, primary, acute, community, mental health, and social care for children and adults – will be within the scope of the ICF.

2.5 The objective of creating a system-wide approach to funding the whole ESBT health and social care economy is to facilitate system-wide planning and delivery, by enabling the financial resources of the Council and EHS and HR CCGs to be deployed more flexibly according to a single set of priorities, supported by coordinated management actions. The arrangement will therefore build on the ESBT Strategic Investment Plan (SIP) and emerging Service Redesign Programme (SRP) and assist further development of integrated service and financial plans, and will be a key part of measures to implement a new model of care.

2.6 The proposals for an ESBT ICF includes the following elements:

- the design of the Fund as a combination of “pooled” and “aligned” funds, facilitating system-wide planning while respecting the legal limitations around pooling and delegation of functions; and
- the operation of the Fund as an integral part of a suite of arrangements for integrated commissioning that includes integrated governance and leadership (discussed later in this report).

2.7 Within the Fund there will be some budgets that are formally “pooled” (such as the Better Care Fund and Integrated Community Equipment Service). But most, at least initially, will be “aligned”. This means they continue to be managed by either the Council or the CCGs, but wherever possible they are managed collaboratively in order to achieve most benefit. A further group are “ring-fenced” budgets which are subject to external conditions or requirements in the way they are spent. These, for example primary care co-commissioning and the public health grant, cannot be “pooled” and will continue to be planned and managed as they currently are. However, the new arrangements will enable more oversight of the total resource envelope and therefore more coherent decision-making.

2.8 The proposal will therefore be to include these within the Fund but as “aligned funds” so that joint planning and transformation can be undertaken without breaching legal or regulatory responsibilities. The ICF should therefore best be seen as an overarching framework which facilitates the planning and management of commissioners’ funding, so as to enable the transformation of the health and social care system.

2.9 Agreement by the Council and the CCGs to the sums to be included in the ICF for 2018/19 will be completed following the approval by the CCGs of budgets for that year, and reported to the ESBT Strategic Commissioning Board.

Financial Framework Agreement

2.10 The Financial Framework Agreement attached at Appendix 1 describes how the Council and EHS and HR CCGs manage their finances in order to get the most value out of our collective available resource, realising the benefits for the local population of an integrated health and care system. The Financial Framework Agreement sets out the mechanisms for integrated financial planning, including:

- assisting the development of integrated commissioning by describing joint approaches to budget-setting, financial management and accounting, without prescribing the specific nature of pooling or risk-sharing for particular functions (enabling these on a case-by-case basis); and

- aligning the ICF with the ESBT Alliance Agreement and financial arrangements implemented to support it, for example the Integrated Finance and Investment Plan.

2.11 Drafts of the Financial Framework document have been developed by a Task Group of senior Council and CCG staff. The Framework is based on material from City of London and Hackney but has been adapted to the ESBT local context. Drafts have been reviewed at various stages of development by the ESBT Integrated (Accountable) Care System Development Group.

2.12 The draft Financial Framework Agreement seeks to formalise existing informal working arrangements between the Council and the CCGs. No new pooled budget arrangements are proposed for 2018/19 and there is therefore no additional risk exposure to the Council. The draft has been shared with the Orbis internal auditor, whose view was that it is a critical component in the overall governance and management of the ICF, and in determining assurance of the operation of the ICF.

2.13 A draft of the Framework Agreement has also been shared with NHS England and the Sussex and East Surrey Sustainability and Transformation Partnership (STP) in order to share our learning with regard to integrated commissioning practice, as this could be used as a template for the development of place based integration across our STP.

2.14 Appendix 1 of the Financial Framework Agreement details the budgets to be included within the ICF. The current draft shows illustrative figures based on 2017/18 budgets.

Strengthening governance and leadership of ESBT commissioning

2.15 Steps will be taken to ensure a single planning process is in place to support integrated commissioning across our health and social care system, whilst continuing to work within our existing statutory accountabilities and within the ESBT Alliance framework. As previously signaled, we expect our senior responsible officer roles across health and care commissioning will increasingly begin to focus on either our core shared commissioning function or our required transformation programme, in order to offer a single point of leadership for each function whilst continuing to discharge their individual statutory accountabilities.

2.16 Our senior teams will continue to work on developing detailed proposals on how the work of the Council and CCGs will be fully aligned and over time our commissioning workforce will integrate. This will include an integrated commissioning structure and business infrastructure support. This work needs to be completed in parallel with the East Surrey and Sussex STP wide work so we have the right capacity for planning, commissioning and contracting across our system, and at the right level.

2.17 As well as our learning in the test bed year, our plans for 2018/19 take account of the acceleration of the Sussex and East Surrey STP and national plans for NHS commissioning reform, as well as the recent report from the Care Quality Commission (CQC) Local System Review of East Sussex² and the subsequent actions to address the recommendations on whole system governance, through reviewing the role of the East Sussex Health and Wellbeing Board. Both of these current processes and reviews are due to have been progressed by July 2018, and our ESBT plans have been designed to help us remain well able to incorporate the outcomes to shape the best governance for our local system, and deliver the required pace of transformation as we implement our financial recovery plan in 2018/19.

3. Conclusion and reasons for recommendations

3.1 The draft Financial Framework Agreement will enable an ESBT ICF to be established and operated with EHS and HR CCGs in 2018/19. Stronger system leadership and governance, supported by the Financial Framework Agreement and ICF, will underpin robust integrated health and social care commissioning for our ESBT place.

3.2 The Financial Framework Agreement and proposed scope and content of the ESBT ICF for 2018/19 (subject to the finalisation of the ICF and Integrated Finance and Investment Plan for

² 'East Sussex Local System Review Report 13 – 17 November 2017' (CQC, January 2018)

2018/19), have been agreed in principle by EHS and HR CCGs' Governing Bodies at their meeting on 28 March.

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LOCAL MEMBERS

County Council Members whose electoral divisions are in the EHS CCG and HR CCG areas

BACKGROUND DOCUMENTS

None